

3 9999 06543 906 7

GOVDOC

BRA

4916

Boston's Employment in 1976 -
The Largest Industrial Jobs Gain
in a Quarter Century. Sept. 1977.

Boston Redevelopment Authority
Research Department.

M 35
365R

~~Private~~
~~BOSTON REDEVELOPMENT AUTHORITY~~
~~11-11-77~~

BOSTON'S EMPLOYMENT IN 1976

- THE LARGEST INDUSTRIAL JOBS GAIN IN A QUARTER CENTURY -

Dennis M. Ettlin

Boston Redevelopment Authority
Research Department

September 1977

Kevin H. White, Mayor
City of Boston

Robert F. Walsh, Director
Boston Redevelopment Authority

Alexander Ganz, Director
Research Department

Boston Redevelopment Authority
Board of Directors

Robert L. Farrell, Chairman
Joseph J. Walsh, Vice-Chairman
James G. Colbert, Treasurer
James K. Flaherty, Ass't Treasurer
James E. Cofield, Jr., Member
Kane Simonian, Secretary



M35
BLSR

BOSTON
PUBLIC
LIBRARY



In 1976 the nation was struggling to recover from the worst recession since the 1930s. The first quarter of 1976 had seen a respectable nine percent growth in the economy; then the "Pause" occurred. By year's end, real Gross National Product had grown only six percent, employment by only 2.5 percent. The nation's fledgling economic recovery has been weak. By year-end 1976, private sector employment was only one percent above the pre-recession peak reached in November, 1973. What push there was to the recovery seemed to flow from the continuous rise of public sector employment throughout the period. This raised the 1976 year-end level of public jobs nine percent above that for November 1973.

The lackluster performance of the national economy was not strong enough to reverse Boston's pattern of job losses since 1970. For 1976, Boston's economy generated 514,907 jobs - a decline of 6,200 jobs from 1975. This decline is small compared to the precipitous drops in the recession years of 1971, when 19,000 jobs were lost, and 1975, with the attrition of 20,000 jobs. The decline in 1976 is also overshadowed by the optimism and excitement flowing from developments in the manufacturing and retail sectors. It is these two sectors which are making the economic news in 1976.

Manufacturing Revival

Boston gained 2,900 manufacturing jobs in 1976. This is the largest gain in twenty-five years. Since 1951, the City has lost one half of its manufacturing activity - some 53,000 jobs - and gains in manufacturing employment have occurred in only four of the intervening years.

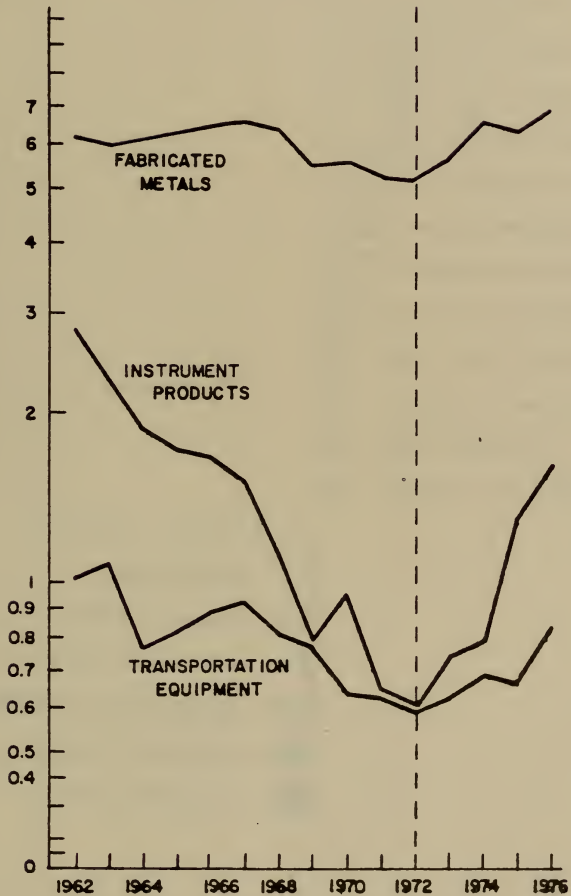
The 1976 manufacturing jobs gain stems from Boston's response to the national economic recovery and also from the City's efforts at promoting industrial development. This combined stimulation of Boston's manufacturing sector led to increases in twelve of the City's nineteen manufacturing industries. Four of the five industries with the largest job gains pay above average wages, demonstrating that high wages, growth, and a good competitive posture are very possible in Boston. During 1976, thirteen new manufacturing firms were started, each with an average of twenty-five employees. Printing and publishing, which showed no gain, remains Boston's largest manufacturing industry.

The 1976 gain in manufacturing confirms growth trends for three industries - fabricated metals, instruments, and transportation equipment. These industries have shown sustained job increases since 1972. (See Chart 1.) The growth in two

Chart 1

GROWTH INDUSTRIES IN
BOSTON'S MANUFACTURING SECTOR

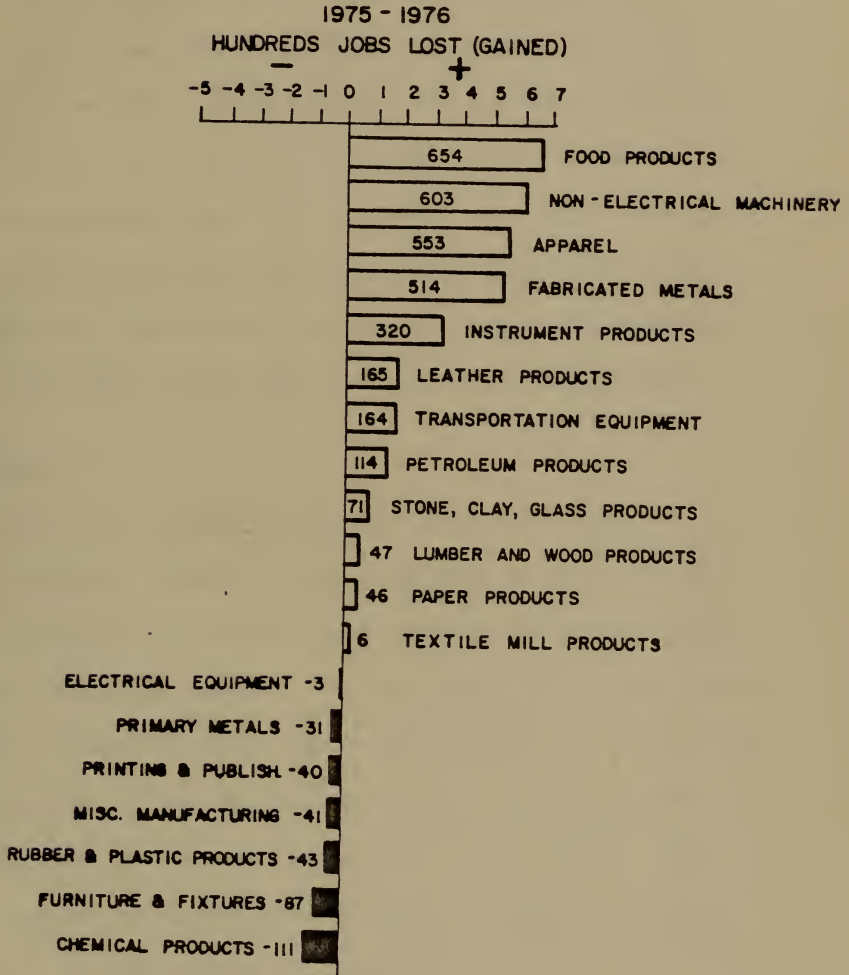
Thousands
of Workers



Source: BRA Research Department; see citation to Table 1.

Chart 2

EMPLOYMENT CHANGES IN BOSTON'S MANUFACTURING INDUSTRIES
1975 - 1976



Source: BRA Research Department, see citation to Table 1.

of these industries shows the impact of the City-sponsored Boston Marine Industrial Park. The total increase in fabricated metals and transportation equipment (including shipbuilding) was 678. Approximately 600 of these jobs are accounted for by just three firms at the BMIP - Braswel Shipyards, Marlin Engineering, and the Caldar Company. The third growth industry is the production of high technology instruments - medical, scientific, and engineering - and reflects the City's favorable experience with the Teradyne Company.

Retail Vitality

Boston's retail trade is showing important signs of incipient revival, despite a continued fall in jobs in 1976. The loss of 1,240 jobs in that year was one third the annual average loss rate for 1970-75. Thirty new retail stores opened in the City, including twenty-four new restaurants. There was the inauguration of the Faneuil Hall Marketplace in August 1976, where five of the new restaurants are located. More recently, there is the opening of the new Jordan Marsh store on Washington Street. Finally, there is a variety of new proposals for retail development in the City.

The demonstrated capacity to bring back suburban shoppers is one of the more important signs of new vitality in downtown retailing. At the Faneuil Hall Marketplace, suburban shoppers make up one half of the 30,000 daily visitors. The large department stores on Washington Street also draw large numbers of suburban shoppers. In the light of this new ability to draw retail shoppers from all over the metropolitan area, Boston's downtown has good prospects for maintaining its share of metropolitan sales.

Construction and Services

The strength of Boston's economy has always been its diversity. While retail trade and manufacturing are generating excitement, they represent only one fifth of Boston's jobs. In 1976, there was an erosion of jobs in three sectors - transportation and public utilities, wholesale trade, and finance and insurance. The patterns in the construction and services sectors, though, represent significant features of the 1976 experience.

Construction employment in Boston has declined severely from its peak in 1974. This reflects reduced levels of investment by the public and private sectors. This trend will

not be easily reversed. Building permit valuations, which are a harbinger of future levels of construction activity, have been falling since 1971. The upsurge of building permits for rehabilitation work has received much attention in 1976. While these have exceeded permits for new construction in 1975 and 1976, the upsurge does not, by itself, signify a future increase in construction employment.

The service sector has been Boston's primary growth sector, providing a net gain of over 60,000 jobs in the last twenty-five years. There have been only seven years of losses in the last twenty-five. The loss of 492 jobs in 1976, less than one percent, was mostly among the higher paying jobs with the largest employment drop being in the medical care industry. The pause in the growth of the service sector is tied to the 1975 recession and, as the recovery proceeds, Boston's service sector should continue to grow.

Boston's Strength and Weaknesses

Boston's employment pattern for 1976 reveals both strength and weaknesses underlying the City's economy. Boston's capacity to expand its employment level has been enhanced by the past fifteen years of investment in modernizing the City's economic base. During 1970-75, when Boston was losing jobs at the rate

of 11,000 per year, construction investment peaked for commercial/institutional development and public infrastructure. At the same time, wage rate differentials have narrowed sharply between Boston and the Sunbelt and between the United States and Europe and Japan. Rising energy costs also favor the energy efficiency of a central city location with its good transportation access. These have led to a resurgence of interest and inquiry in Boston's industrial sites and vacant buildings.

The recent fall in construction employment and building permit values highlights an element of weakness in the City economy. To expand job opportunities and reduce unemployment, the city needs continued and substantial investment from the private sector. Public sector development planning and related public infrastructure investment are needed to encourage the private sector role. The federal government's role in speeding national economic recovery, and sympathetic state government policy favoring revival of the older urban areas will also be crucial.

TABLE 1

TOTAL EMPLOYMENT IN BOSTON
1970-1976

	<u>Number</u>	<u>Change over Previous Year</u>
1970	575,668	
1971	556,269	-19,399
1972	547,812	- 8,457
1973	540,824	- 6,988
1974	541,163	+ 339
1975	521,150	-20,013
1976	514,907	- 6,243

Source: Dennis Ettlin, Boston Redevelopment Authority Research Department, from a draft report entitled "Boston Employment Trends and Patterns; Goals for Economic Recovery and Growth", based on data of the Mass. Division of Employment Security and the U.S. Bureau of Economic Analysis.

Table 2

1976 EMPLOYMENT IN BOSTON

By Major Industry

	<u>1970</u>	<u>1975</u>	<u>1976</u>
Fishing and Horticulture	652	780	767
Construction	20,571	15,998	13,672
Manufacturing	63,539	50,334	53,236
Transportation, Communications and Public Utilities	43,043	36,121	34,952
Trade	120,414	90,963	86,492
Wholesale	41,134	32,700	29,469
Retail	79,280	58,263	57,023
Services	134,421	151,615	151,153
Proprietors	16,577	14,829	14,462
Government	102,579	97,950 a	97,950 a
Total	575,668	521,150	514,907

Source: See Citation to Table 1.

a = estimated

TABLE 3

Employment Changes in Boston
1970-76

	<u>Change in the Number of Workers</u>		<u>Average Annual Percentage Change</u>	
	<u>1970-75</u>	<u>1975-76</u>	<u>1970-75</u>	<u>1975-76</u>
Total	-54,518	-6,423	-2	- 1
Fishing and Horticulture	128	-13	+4%	- 2%
Construction	-4,513	-2,326	-4	-15
Manufacturing	-13,205	+2,902	-4	+ 6
Transportation, Communication and Public Utilities	- 6,922	-1,169	-3	- 3
Trade	-29,451	-4,471	-5	- 5
Wholesale	- 8,434	-3,231	-4	-10
Retail	-21,017	-1,240	-6	- 2
Finance Insurance and Real Estate	-11,372	-337	-3	- 1
Services	+17,194	-492	+3	- 0.3
Proprietors	-1,748	-367	-2	- 2
Government	-4,629	0	-1	- 2

Source: See Citation to Table 1.

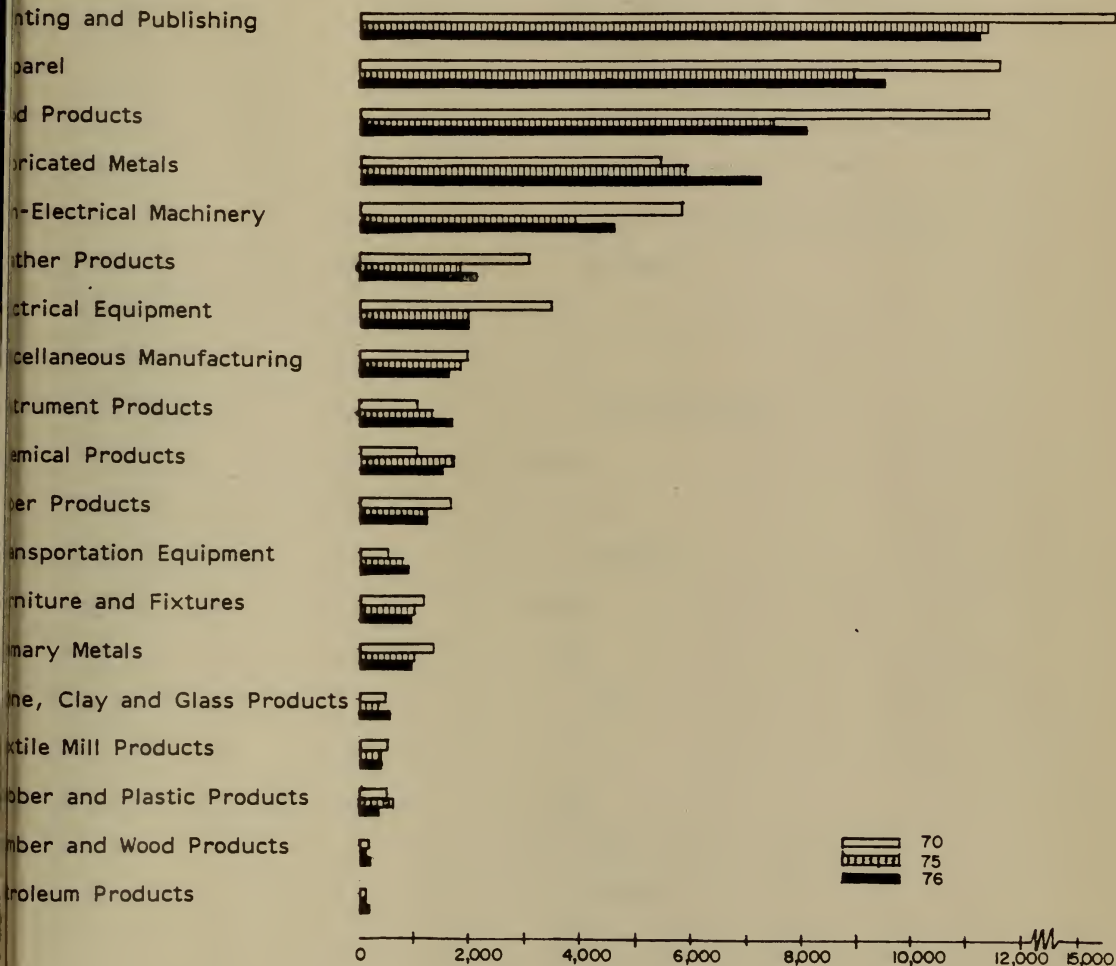
TABLE 4
EMPLOYMENT IN
BOSTON'S MANUFACTURING INDUSTRIES
1970, 1975 and 1976

<u>Manufacturing Industries By 2 Digit S.I.C.</u>	<u>Numbers of Workers</u>		
	<u>1970</u>	<u>1975</u>	<u>1976</u>
Total	63,539	50,334	53,236
Printing and Publishing	14,159	11,678	11,638
Apparel	10,985	8,365	8,918
Food Products	10,735	7,085	7,739
Fabricated Metals	5,588	6,271	6,785
Non-Electrical Machinery	5,434	3,774	4,377
Leather Products	2,945	1,795	1,960
Electrical Equipment	3,387	1,900	1,897
Miscellaneous Manufacturing	1,681	1,683	1,642
Instrument Products	960	1,304	1,624
Chemical Products	1,058	1,561	1,450
Paper Products	1,630	1,186	1,232
Transportation Equipment	636	662	826
Furniture and Fixtures	1,155	904	817
Primary Metals	1,515	837	806
Stone, Clay and Glass Products	416	375	446
Textile Mill Products	483	375	381
Rubber and Plastic Products	409	396	353
Lumber and Wood Products	181	174	221
Petroleum Products	7	9	123

Source: See Citation to Table 1.

CHART 3
BOSTON'S MANUFACTURING INDUSTRIES
IN 1970, 1975 and 1976

Manufacturing Industries
2 Digit S.I.C.



Source: BRA Research Department, see Citation to Table I.

CHART 4
THE RELATIVE IMPORTANCE OF INDUSTRIES WHICH
GAINED AND LOST EMPLOYMENT IN 1976
(Ranked by Industry Size in 1976)

Manufacturing Industries
Digit S.I.C.

Printing and Publishing

Apparel

Food Products

Aluminum Products

Electrical Machinery

Other Products

Trical Equipment

Miscellaneous Manufacturing

Instrument Products

Chemical Products

Other Products

Transportation Equipment

Furniture and Fixtures

Primary Metals

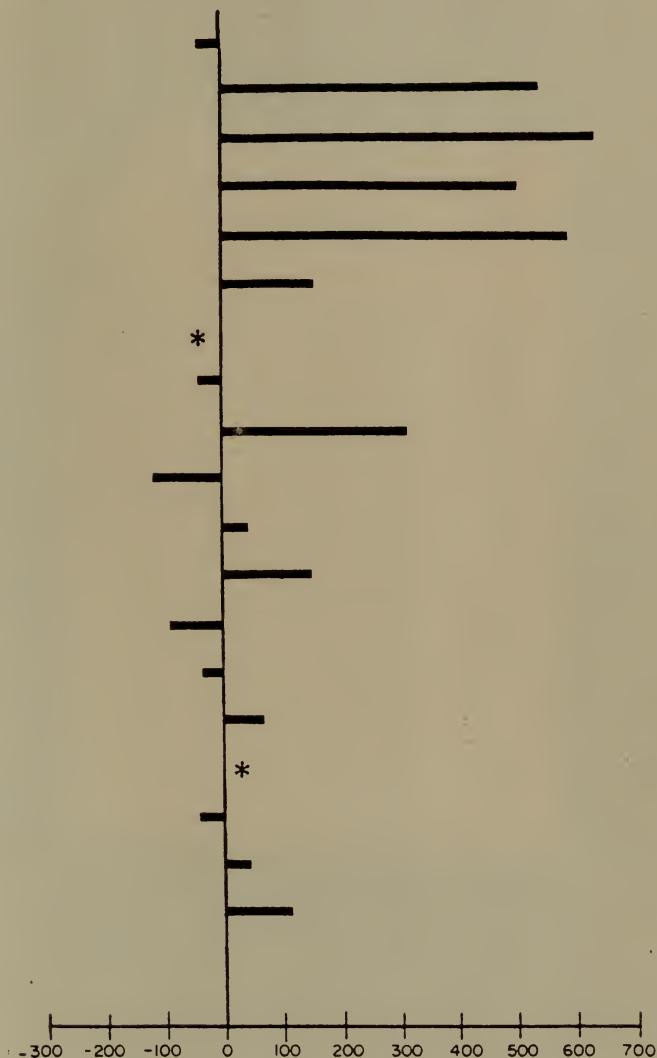
Stone, Clay and Glass Products

Tile Mill Products

Rubber and Plastic Products

Rubber and Wood Products

Petroleum Products



* LESS THAN 10

M35 Boston Redevelopment
B65R Auth. Research Dept.

Boston's Employment in 1976.

M35
B65

Bos

M35
B65R

